

Retirement Board

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Memorandum

To: Public Employers

From: Cheryl Price, Operations Officer

Date: November 24, 2014

Re: Retirement Contribution Rates – Guidelines for Implementing Changes
in Rate of Retirement Contributions Beginning July 1, 2015

At its November 19, 2014 meeting, the Retirement Board approved the June 30, 2014, actuarial valuation report submitted by the System's actuary. The report reflects the actuarially determined contribution rates needed to fund the System on an actuarial reserve basis for both Employer-pay (EPC) and Employee/Employer contribution plans.

Contribution rates for Regular members contributing under the Employee/Employer and EPC plans are scheduled to increase. There will also be an increase in the rate for Volunteer Fire members. All rate changes are effective with the first monthly retirement reporting period beginning on or after July 1, 2015. Each employer will receive a detailed letter explaining the specific date and contribution report to begin the rates for each employee group.

The contribution rates for Regular members under the EPC plan will increase from **25.75%** to **28.00%** and the contribution rate for Regular members under the Employee/Employer plan will increase from **13.25%** to **14.50%**. The contribution rates for Police/Fire members under the EPC and the Employee/Employer plans will remain the same. The guidelines listed on the following page should be used to implement the contribution rate changes and for the adjustment to your EPC compensation schedules. A certification form will be sent to each public employer to document the method in which their EPC compensation schedules are adjusted.

Contribution Rate Changes – Employee/Employer Contribution Plan

Regular Members – Increase contribution rate to 14.50%

Contribution Rate Changes – Employer-Pay Contribution (EPC) Plan

Regular Members – Increase contribution rate to 28.00%

Volunteer Fire Members – Increase contribution rate to 29.00%

EPC Compensation Schedule Adjustments

If on the effective date of the contribution rate increase:

1. Regular members are not receiving a pay increase, your current EPC compensation schedule should be reduced by **1.125%**. The member in this case is paying his portion of the rate increase by salary reduction.
2. Regular members are scheduled to receive a pay increase of **1.125%**, this will offset the increase in the contribution rate. The member in this case is paying his portion of the rate increase in lieu of an equivalent pay increase.
3. Regular members are receiving a pay increase greater than **1.125%**.
 - (a) First, raise your current EPC compensation schedule by the percentage or dollar amount of the pay increase, and then,
 - (b) Reduce the schedule by **1.125%**.

The member in this case is paying his portion of the rate increase by salary reduction.

Please direct any questions you may have regarding the changes to the rates of contributions or adjustments to your EPC compensation schedule to Sonya Hellwinkel, Director of Employer & Production Services at (775) 687-4200 extension 269 or Charyl Lacombe, Manager of Employer Services at (775) 687-4200 extension 228.